

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>Hennrich A. Berthiaume</i>	Printed Name		License Number	

# **HOPE TOWNSHIP**

Midland County, Michigan

## **FINANCIAL STATEMENTS**

June 30, 2006

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**BERTHIAUME  
& COMPANY**

Certified Public Accountants



60 Harrow Lane  
Saginaw, Michigan 48638

(989) 791-1555  
Fax (989) 791-1992

## **INDEPENDENT AUDITORS' REPORT**

To the Township Board  
Hope Township, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hope Township as of and for the year ended June 30, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hope Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hope Township as of June 30, 2006, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hope Township's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

*Berthiaume & Co.*

October 26, 2006

## ***BASIC FINANCIAL STATEMENTS***

# HOPE TOWNSHIP

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## STATEMENT OF NET ASSETS

June 30, 2006

	<i><u>Governmental Activities</u></i>
<b>Assets:</b>	
Cash and cash equivalents	\$ 632,537
Receivables	193,439
Capital assets:	
Nondepreciable capital assets	136,904
Depreciable capital assets, net	<u>192,946</u>
Total assets	<u>1,155,826</u>
<b>Liabilities:</b>	
Accounts payable and accrued expenses	14,637
Deferred revenue	8,452
Long-term liabilities:	
Due within one year	7,500
Due in more than one year	<u>197,500</u>
Total liabilities	<u>228,089</u>
<b>Net assets:</b>	
Invested in capital assets	329,850
Restricted for:	
Debt service	33,299
Roads	81,577
Fire	337,717
Unrestricted	<u>145,294</u>
Total net assets	<u><u>\$ 927,737</u></u>

*The accompanying notes are an integral part of these financial statements.*

# HOPE TOWNSHIP

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2006

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<b>Functions/Programs</b>				
<i>Governmental activities:</i>				
General government	\$ 82,996	\$ 5,445	\$ 2,580	\$ (74,971)
Public safety	43,312	-	-	(43,312)
Public works	170,178	77,520	11,325	(81,333)
Community and economic development	1,085	-	-	(1,085)
Recreation and culture	21,823	-	618	(21,205)
Interest on long-term debt	8,152	-	-	(8,152)
Total governmental activities	<u>327,546</u>	<u>82,965</u>	<u>14,523</u>	<u>(230,058)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purpose				49,320
Property taxes, levied for roads				79,956
Property taxes, levied for fire protection				65,914
Payments in lieu of taxes				997
Franchise fees				1,471
Grants and contributions not restricted to specific programs				88,300
Unrestricted investment earnings				18,494
Miscellaneous				<u>50</u>
Total general revenues				<u>304,502</u>
Change in net assets				74,444
Net assets, beginning of year				<u>853,293</u>
Net assets, end of year				<u>\$ 927,737</u>

The accompanying notes are an integral part of these financial statements.

# HOPE TOWNSHIP

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## GOVERNMENTAL FUNDS

### BALANCE SHEET

June 30, 2006

	<i><u>General Fund</u></i>	<i><u>Roads Fund</u></i>	<i><u>Fire Fund</u></i>	<i><u>Solid Waste Fund</u></i>
<b>Assets:</b>				
Cash and cash equivalents	\$ 121,043	\$ 81,577	\$ 331,743	\$ 58,998
Special assessments receivable	-	-	-	-
Due from other governmental units	28,829	-	-	-
Due from other funds	-	-	9,551	-
	<u>-</u>	<u>-</u>	<u>9,551</u>	<u>-</u>
Total assets	<u>\$ 149,872</u>	<u>\$ 81,577</u>	<u>\$ 341,294</u>	<u>\$ 58,998</u>
<b>Liabilities and Fund Balances:</b>				
<i>Liabilities:</i>				
Accounts payable	\$ 2,706	\$ -	\$ 3,577	\$ 4,656
Due to other governmental units	346	-	-	-
Due to other funds	9,551	-	-	-
Deferred revenue	8,452	-	-	-
	<u>21,055</u>	<u>-</u>	<u>3,577</u>	<u>4,656</u>
Total liabilities	<u>21,055</u>	<u>-</u>	<u>3,577</u>	<u>4,656</u>
<i>Fund balances:</i>				
Reserved for:				
Debt service	-	-	-	-
Unreserved, reported in:				
General fund	128,817	-	-	-
Special revenue funds	-	81,577	337,717	54,342
	<u>128,817</u>	<u>81,577</u>	<u>337,717</u>	<u>54,342</u>
Total fund balances	<u>128,817</u>	<u>81,577</u>	<u>337,717</u>	<u>54,342</u>
Total liabilities and fund balances	<u>\$ 149,872</u>	<u>\$ 81,577</u>	<u>\$ 341,294</u>	<u>\$ 58,998</u>

*The accompanying notes are an integral part of these financial statements.*



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<i><b>Water Project Fund</b></i>	<i><b>Nonmajor Governmental Funds</b></i>	<i><b>Total Governmental Funds</b></i>
\$ 33,299	\$ 5,877	\$ 632,537
164,610	-	164,610
-	-	28,829
-	-	9,551
<u>\$ 197,909</u>	<u>\$ 5,877</u>	<u>\$ 835,527</u>

\$ -	\$ -	\$ 10,939
-	-	346
-	-	9,551
<u>164,610</u>	<u>-</u>	<u>173,062</u>
<u>164,610</u>	<u>-</u>	<u>193,898</u>

33,299	-	33,299
-	-	128,817
-	<u>5,877</u>	<u>479,513</u>
<u>33,299</u>	<u>5,877</u>	<u>641,629</u>
<u>\$ 197,909</u>	<u>\$ 5,877</u>	<u>\$ 835,527</u>

# HOPE TOWNSHIP

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## RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

June 30, 2006

**Total fund balances for governmental funds** \$ 641,629

Total net assets reported for governmental activities in the statement of  
of net assets is different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the governmental funds.

Governmental capital assets	523,999	
Less accumulated depreciation	<u>(194,149)</u>	329,850

Interest payable in the governmental activities are not payable from  
current resources and therefore are not reported in the governmental  
funds. (3,352)

Deferred revenues reported in the governmental funds are recognized as  
revenues for the governmental activities. 164,610

Long-term liabilities are not due and payable in the current year and  
therefore are not reported in the governmental funds:

Bond payable	<u>(205,000)</u>	
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**Net assets of governmental activities** \$ 927,737

# HOPE TOWNSHIP

## GOVERNMENTAL FUNDS

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2006

	<i>Special Revenue Funds</i>			
	<i>General Fund</i>	<i>Roads Fund</i>	<i>Fire Fund</i>	<i>Solid Waste Fund</i>
<b>Revenues:</b>				
Property taxes	\$ 50,317	\$ 79,956	\$ 65,914	\$ -
Licenses and permits	1,471	-	-	-
State grants	93,170	-	-	-
Charges for services	3,945	-	-	77,520
Interest and rents	2,620	1,950	11,255	1,791
Other revenue	1,970	-	-	-
Total revenues	<u>153,493</u>	<u>81,906</u>	<u>77,169</u>	<u>79,311</u>
<b>Expenditures:</b>				
Current				
General government	76,139	-	-	-
Public safety	144	-	37,383	-
Public works	27,277	75,171	-	67,691
Community and economic development	1,015	-	-	-
Recreation and culture	18,871	-	-	-
Other	6,069	-	-	-
Capital outlay	4,800	-	1,927	-
Debt service				
Principal	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	<u>134,315</u>	<u>75,171</u>	<u>39,310</u>	<u>67,691</u>
Net change in fund balance	19,178	6,735	37,859	11,620
Fund balance, beginning of year	<u>109,639</u>	<u>74,842</u>	<u>299,858</u>	<u>42,722</u>
Fund balance, end of year	<u>\$ 128,817</u>	<u>\$ 81,577</u>	<u>\$ 337,717</u>	<u>\$ 54,342</u>

*The accompanying notes are an integral part of these financial statements.*

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<i>Debt Service Fund</i>		
<i>Water Project Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
\$ -	\$ -	\$ 196,187
-	-	1,471
-	-	93,170
-	-	81,465
870	83	18,569
18,180	443	20,593
19,050	526	411,455
-	-	76,139
-	-	38,583
-	-	170,139
-	-	1,015
-	972	19,843
-	-	6,069
-	-	5,671
5,000	-	5,000
8,188	-	8,188
13,188	972	330,647
5,862	(446)	80,808
27,437	6,323	560,821
\$ 33,299	\$ 5,877	\$ 641,629

# HOPE TOWNSHIP

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## RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN UNFUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2006

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 80,808</b>
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Total change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Capital outlay	6,727	
Less depreciation expense	<u>(8,982)</u>	(2,255)

Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenue in the funds.	(9,145)
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Repayment of principal on bonds is an expenditure in governmental funds, but the payment reduces long-term liabilities in the statement of net assets.	5,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest on bonds payable	<u>36</u>
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<b>Change in net assets of governmental activities</b>	<b><u>\$ 74,444</u></b>
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*The accompanying notes are an integral part of these financial statements.*

# HOPE TOWNSHIP

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## *FIDUCIARY FUND*

### STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2006

	<u><i>Agency Fund</i></u>
<b>Assets:</b>	
Cash and cash equivalents	\$ <u>575</u>
Total assets	<u>575</u>
<b>Liabilities:</b>	
Accounts payable	<u>575</u>
Total liabilities	<u>575</u>
<b>Net Assets:</b>	
Unrestricted	\$ <u><u>-</u></u>

*The accompanying notes are an integral part of these financial statements.*

## ***NOTES TO FINANCIAL STATEMENTS***

# HOPE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The accounting policies of Hope Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

#### **Reporting Entity:**

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Township and its component units, if any. In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Township may be financially accountable and, as such, should be included within the Township's financial statements. The Township (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Township. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are no component units included in the Township's reporting entity.

**Joint Venture** – The Township is a member of the Water District No. 1 of Midland County, which was established to service and collect water fees for six communities – Hope Township, Lincoln Township, Jerome Township, Edenville Township, Lee Township and the Village of Sanford. The Township appoints two members to the governing board.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation:**

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

#### ***Government-wide Financial Statements:***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government. These statements distinguish between activities that are governmental and those that are business-type activities. The Township has no business-type activities.



## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts (1) invested in capital assets, (2) restricted net assets, and (3) unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The Township does not allocate indirect costs. In creating the government-wide financial statements, the Township has eliminated interfund transactions.

The government-wide focus is on the sustainability of the Township as an entity and the change in the Township's net assets resulting from current year activities.

### ***Fund Financial Statements:***

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government. When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

# HOPE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Fiduciary funds are accounted for on a spending or economic resources measurement focus and the accrual basis of accounting as are the proprietary funds.

The Township reports the following major governmental funds:

The **General Fund** is the primary operating fund of the Township. It is used to account for all financial resources, except for those required to be accounted for in another fund.

The **Roads Fund** is used to account for the revenues received from a property tax levy for repairs and maintenance of roads within the Township.

The **Fire Fund** is used to account for the revenues received from a property tax levy for the purpose of providing fire protection to the residents of the Township.

The **Solid Waste Fund** is used to account for the revenues received from residents for the purpose of providing garbage and rubbish collection.

The **Water Project Fund** is used to account for the revenues received from a special assessment levy to make the principal and interest payments in relation to a bond issuance.

### Assets, Liabilities and Equity

**Deposits and Investments** – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments, if any, are stated at fair value.

**Interfund Receivables and Payables** – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

**Capital Assets** – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Township defines capital assets as assets with an initial individual cost in excess of \$1,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized if acquired after July 1, 2003.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	75-100 years
Equipment	5-50 years
Site improvements	20 years

# HOPE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

**Compensated Absences** – It is the Township’s policy to not permit employees to accumulate earned but unused sick and vacation days. Therefore, there is no liability shown in the government-wide financial statements.

**Long-term Obligations** – In the government-wide financial statements, long-term debt is reported as liabilities in the governmental activities statement of net assets.

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### **Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

### **Eliminations and Reclassifications:**

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

### **Property Taxes:**

Property taxes are attached as an enforceable lien on property as of December 1. Taxes are levied December 1 and are due without penalty on or before February 14. These tax bills include the Township’s own property taxes and taxes billed on behalf of the school districts within the Township boundaries and Midland County.

The 2005 taxable valuation of the Township totaled \$41,302,861, on which ad valorem taxes levied consisted of 1.1604 mills for the Township’s operating purposes, 1.9276 mills for roads and 1.5891 mills for fire.

The delinquent real property taxes of the Township are purchased by Midland County.

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## **NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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### **Budgetary Information:**

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

1. The Township Treasurer submits to the Township Board a proposed operating budget by fund for each year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted by adoption by the Township Board.
4. Any revision that alters the total expenditures of any fund must be approved by the Township.
5. Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
6. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund and major Special Revenue Funds budgets as originally adopted and amended by the Township Board is included in the required supplemental information.
7. All annual appropriations lapse at fiscal year end.

### **Excess of Expenditures over Appropriations in Budgeted Funds:**

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year, the Township did not incur expenditures that were in excess of the amounts budgeted.

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### **NOTE 3: DEPOSITS AND INVESTMENTS**

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Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

### **Custodial Credit Risk of Bank Deposits:**

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The Township does not have a deposit policy for custodial credit risk. At year-end, the Township had \$635,896 of bank deposits (checking and savings accounts), of which \$100,000 is covered by federal depository insurance and the remainder is uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits, and the limits of FDIC insurance, it is impractical to insure all deposits. At year end, the Township had no investments.

# HOPE TOWNSHIP

## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

### NOTE 4: CAPITAL ASSETS

Capital assets activity of the Township's governmental activities was as follows:

	<u>July 1, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2006</u>
<b>Governmental activities:</b>				
Nondepreciable capital assets				
Land	\$ 136,904	\$ -	\$ -	\$ 136,904
Depreciable capital assets				
Buildings and improvements	129,100	-	-	129,100
Equipment	251,268	3,027	-	254,295
Site improvements	-	3,700	-	3,700
Subtotal depreciable capital assets	380,368	6,727	-	387,095
Accumulated depreciation	(185,167)	(8,982)	-	(194,149)
Depreciable capital assets, net	195,201	(2,255)	-	192,946
Governmental activities, capital assets, net	<u>\$ 332,105</u>	<u>\$ (2,255)</u>	<u>\$ -</u>	<u>\$ 329,850</u>

Depreciation expense was charged to programs of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 1,440
Public safety	5,774
Recreation and culture	1,768
Total governmental activities	<u>\$ 8,982</u>

### NOTE 5: LONG-TERM LIABILITIES

The Township may issue bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. Long-term liabilities at June 30, 2006 consisted of the following:

<u>Types of Indebtedness</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at Year-End</u>
<b>Governmental Activities</b>					
<b>General Obligation Bonds:</b>					
2004 Issue - Water Supply System	8/1/06-8/1/24	1.9-4.75%	\$7,500-12,500	\$ 210,000	\$ 205,000

# HOPE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

The following is a summary of long-term liabilities transactions for the year ended June 30, 2006:

	<u>July 1, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2006</u>	<u>Due within One Year</u>
<b>Governmental activities:</b>					
General Obligation Bonds:					
2004 Issue	\$ 210,000	\$ -	\$ (5,000)	\$ 205,000	\$ 7,500
Total governmental activities					
- long-term liabilities	<u>\$ 210,000</u>	<u>\$ -</u>	<u>\$ (5,000)</u>	<u>\$ 205,000</u>	<u>\$ 7,500</u>

Annual debt service requirements to maturity for the above long-term liabilities are as follows:

<u>Year Ended</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 7,500	\$ 7,973	\$ 15,473
2008	10,000	7,782	17,782
2009	10,000	7,522	17,522
2010	10,000	7,227	17,227
2011	10,000	6,907	16,907
2012-2016	50,000	29,110	79,110
2017-2021	57,500	18,398	75,898
2022-2025	<u>50,000</u>	<u>4,707</u>	<u>54,707</u>
	<u>\$ 205,000</u>	<u>\$ 89,626</u>	<u>\$ 294,626</u>

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## NOTE 6: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

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Receivables and payables as of year end for the Township's governmental and business-type activities in the aggregate are as follows:

	<u>Governmental Activities</u>
<b>Receivables:</b>	
Special assessments	\$ 164,610
Intergovernmental	<u>28,829</u>
Total receivables	<u>\$ 193,439</u>
<b>Accounts payable and accrued expenses:</b>	
Accounts	\$ 10,939
Accrued interest	3,352
Intergovernmental	<u>346</u>
Total accounts payable and accrued expenses	<u>\$ 14,637</u>

# HOPE TOWNSHIP

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2006

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### NOTE 7: INTERFUND BALANCES AND TRANSFERS

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The composition of interfund receivable and payable balances at June 30, 2006 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Fire Fund	General Fund	\$ 9,551
		<u>\$ 9,551</u>

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

There were no interfund transfers reported in the fund statements.

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### NOTE 8: RISK MANAGEMENT

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The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), and certain medical benefits provided to employees. The Township manages all of its loss risks with the purchase of commercial insurance. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

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### NOTE 9: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

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#### Defined Contribution Pension Plan

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contribution to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. Covered employees are considered eligible to participate immediately, and are immediately 100% vested.

The Township maintains a defined contribution pension plan for certain Township employees. The eligible employees are required to contribute 6.2% of their gross earnings, and the Township matches the 6.2%. These contributions are paid to Raymond James Financial Services, which serves to maintain the pension plan. Actual contributions were \$2,667 for the year ended June 30, 2006.

#### Post Employment Benefits

The Township currently does not provide any post employment benefits.

***REQUIRED SUPPLEMENTAL INFORMATION***



# HOPE TOWNSHIP

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## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2006

	<b>Budgeted Amounts</b>			<b>Actual Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Property taxes	\$ 47,200	\$ 47,359	\$ 50,317	\$ 2,958
Licenses and permits	2,000	1,471	1,471	-
State grants	93,614	92,937	93,170	233
Charges for services	1,300	3,895	3,945	50
Interest and rents	540	1,741	2,620	879
Other revenue	2,500	19,124	1,970	(17,154)
Total revenues	147,154	166,527	153,493	(13,034)
<b>Expenditures:</b>				
Current				
General government	82,130	76,139	76,139	-
Public safety	100	144	144	-
Public works	35,600	27,309	27,277	(32)
Community and economic development	5,230	1,057	1,015	(42)
Recreation and culture	18,750	18,871	18,871	-
Other	3,900	6,069	6,069	-
Capital outlay	850	4,800	4,800	-
Total expenditures	146,560	134,389	134,315	(74)
Net change in fund balance	594	32,138	19,178	(12,960)
Fund balance, beginning of year	109,639	109,639	109,639	-
Fund balance, end of year	<u>\$ 110,233</u>	<u>\$ 141,777</u>	<u>\$ 128,817</u>	<u>\$ (12,960)</u>

# HOPE TOWNSHIP

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*SPECIAL REVENUE FUND – ROADS FUND*  
**BUDGETARY COMPARISON SCHEDULE**  
Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Over (Under)</u> <u>Final Budget</u>
<b>Revenues:</b>				
Property taxes	\$ -	\$ 80,000	\$ 79,956	\$ (44)
Interest and rents	-	2,000	1,950	(50)
Total revenues	-	82,000	81,906	(94)
<b>Expenditures:</b>				
Current				
Public works	-	80,000	75,171	(4,829)
Total expenditures	-	80,000	75,171	(4,829)
Net change in fund balance	-	2,000	6,735	4,735
Fund balance, beginning of year	74,842	74,842	74,842	-
Fund balance, end of year	<u>\$ 74,842</u>	<u>\$ 76,842</u>	<u>\$ 81,577</u>	<u>\$ 4,735</u>

# HOPE TOWNSHIP

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## *SPECIAL REVENUE FUND – FIRE FUND*

### **BUDGETARY COMPARISON SCHEDULE**

Year Ended June 30, 2006

	<b>Budgeted Amounts</b>			<b>Actual Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Property taxes	\$ 60,000	\$ 60,000	\$ 65,914	\$ 5,914
Interest and rents	1,000	1,000	11,255	10,255
Other revenue	2,000	-	-	-
Total revenues	63,000	61,000	77,169	16,169
<b>Expenditures:</b>				
Current				
Public safety	32,875	37,392	37,383	(9)
Capital outlay	30,125	1,927	1,927	-
Total expenditures	63,000	39,319	39,310	(9)
Net change in fund balance	-	21,681	37,859	16,178
Fund balance, beginning of year	299,858	299,858	299,858	-
Fund balance, end of year	<u>\$ 299,858</u>	<u>\$ 321,539</u>	<u>\$ 337,717</u>	<u>\$ 16,178</u>

# HOPE TOWNSHIP

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*SPECIAL REVENUE FUND – SOLID WASTE FUND*  
**BUDGETARY COMPARISON SCHEDULE**  
Year Ended June 30, 2006

	<u>Budgeted Amounts</u>			<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Over (Under)</u>
				<u>Final Budget</u>
<b>Revenues:</b>				
Charges for services	\$ 76,700	\$ 76,700	\$ 77,520	\$ 820
Interest and rents	<u>1,355</u>	<u>1,355</u>	<u>1,791</u>	<u>436</u>
Total revenues	<u>78,055</u>	<u>78,055</u>	<u>79,311</u>	<u>1,256</u>
<b>Expenditures:</b>				
Current				
Public works	<u>67,905</u>	<u>67,905</u>	<u>67,691</u>	<u>(214)</u>
Total expenditures	<u>67,905</u>	<u>67,905</u>	<u>67,691</u>	<u>(214)</u>
Net change in fund balance	10,150	10,150	11,620	1,470
Fund balance, beginning of year	<u>42,722</u>	<u>42,722</u>	<u>42,722</u>	<u>-</u>
Fund balance, end of year	<u>\$ 52,872</u>	<u>\$ 52,872</u>	<u>\$ 54,342</u>	<u>\$ 1,470</u>

***OTHER SUPPLEMENTAL INFORMATION***

# HOPE TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF REVENUES

Year Ended June 30, 2006

*Current Taxes:*

Property taxes	\$ 48,131
Penalties and interest on taxes	1,189
Payments in lieu of taxes	997
	<u>50,317</u>

*Licenses and Permits:*

CATV franchise fees	<u>1,471</u>
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*State Grants:*

Summer tax collection reimbursement	2,580
State revenue sharing - sales tax	88,300
Metro authority - public right of way	2,290
	<u>93,170</u>

*Charges for Services:*

Cemetery fees	3,895
Other	50
	<u>3,945</u>

*Interest and Rents:*

Interest	2,545
Rents	75
	<u>2,620</u>

*Other Revenue:*

Cemetery lots/perpetual care	1,425
Contributions and donations	175
Insurance recoveries	320
Refunds and rebates	50
	<u>1,970</u>

Total revenues	<u>\$ 153,493</u>
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# HOPE TOWNSHIP

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*GENERAL FUND*  
**DETAILED SCHEDULE OF EXPENDITURES**  
Year Ended June 30, 2006

***General Government:***

*Board:*

Personnel	\$ 4,416
Supplies	1,960
Mileage	107
Dues and memberships	1,174
Education and training	1,462
Printing and publications	83
Insurance	3,731
Other	1,565
	<u>14,498</u>

*Supervisor:*

Personnel	7,152
Supplies	179
Mileage	103
Education and training	485
	<u>7,919</u>

*Clerk:*

Personnel	7,800
Supplies	763
Telephone	577
Dues and memberships	50
	<u>9,190</u>

*Audit:*

Contracted services	<u>150</u>
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*Board of Review:*

Personnel	921
Mileage	33
Printing and publications	213
Other	50
	<u>1,217</u>

*Treasurer:*

Personnel	9,992
Supplies	1,693
Telephone	579
Mileage	41
Dues and memberships	35
Education and training	836
Other	35
	<u>13,211</u>

# HOPE TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended June 30, 2006

***General Government, Continued:***

*Assessor:*

Personnel	\$ 10,927
Supplies	1,687
Telephone	426
Mileage	186
	<u>13,226</u>

*Elections:*

Supplies	<u>38</u>
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*Buildings and Grounds:*

Utilities	781
Repairs and maintenance	2,433
Other	142
	<u>3,356</u>

*Attorney:*

Contracted services	<u>1,248</u>
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*Cemetery:*

Contracted services	9,805
Utilities	945
Repairs and maintenance	958
Other	330
	<u>12,038</u>

*Other General Government:*

Personnel	<u>48</u>
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Total general government	<u>76,139</u>
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***Public Safety:***

*Building Inspection:*

Personnel	<u>144</u>
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Total public safety	<u>144</u>
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***Public Works:***

*Drains at Large:*

Contracted services	<u>414</u>
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*Roads:*

Contracted services	<u>24,356</u>
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*Street Lighting:*

Utilities	<u>1,863</u>
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# HOPE TOWNSHIP

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## GENERAL FUND

### DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended June 30, 2006

***Public Works, Continued:***

*Other Public Works:*

Personnel	\$ 588
Supplies	56
	<u>644</u>
Total public works	<u>27,277</u>

***Community and Economic Development:***

*Planning:*

Personnel	995
Other	20
	<u>1,015</u>
Total community and economic development	<u>1,015</u>

***Recreation and Culture:***

*Recreation/Parks:*

Personnel	3,345
Supplies	453
Contracted services	4,075
Utilities	637
Repairs and maintenance	3,924
Other	2,231
	<u>14,665</u>

*Library:*

Other	<u>4,206</u>
Total recreation and culture	<u>18,871</u>

***Other:***

Insurance	1,436
Retirement	2,667
Payroll taxes	1,966
	<u>6,069</u>
Total other	<u>6,069</u>

***Capital Outlay:***

General government	3,700
Recreation and culture	1,100
	<u>4,800</u>
Total capital outlay	<u>4,800</u>
Total expenditures	<u>\$ 134,315</u>

# HOPE TOWNSHIP

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*NONMAJOR GOVERNMENTAL FUNDS*  
**COMBINING BALANCE SHEET**  
Year Ended June 30, 2006

	<i><u>Park Fund</u></i>	<i><u>Chapel Fund</u></i>	<i><u>Total Nonmajor Governmental Funds</u></i>
<b>Assets:</b>			
Cash and cash equivalents	\$ 4,120	\$ 1,757	\$ 5,877
Total assets	<u>\$ 4,120</u>	<u>\$ 1,757</u>	<u>\$ 5,877</u>
<b>Fund Balances:</b>			
Unreserved:			
Special revenue funds	\$ 4,120	\$ 1,757	\$ 5,877
Total fund balances	<u>\$ 4,120</u>	<u>\$ 1,757</u>	<u>\$ 5,877</u>

# HOPE TOWNSHIP

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## NONMAJOR GOVERNMENTAL FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2006

	<u>Special Revenue Funds</u>		
	<u>Park Fund</u>	<u>Chapel Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues:</b>			
Interest and rents	\$ 45	\$ 38	\$ 83
Other revenue	<u>443</u>	<u>-</u>	<u>443</u>
Total revenues	<u>488</u>	<u>38</u>	<u>526</u>
<b>Expenditures:</b>			
Current			
Recreation and culture	<u>972</u>	<u>-</u>	<u>972</u>
Total expenditures	<u>972</u>	<u>-</u>	<u>972</u>
Net change in fund balance	(484)	38	(446)
Fund balance, beginning of year	<u>4,604</u>	<u>1,719</u>	<u>6,323</u>
Fund balance, end of year	<u>\$ 4,120</u>	<u>\$ 1,757</u>	<u>\$ 5,877</u>

# HOPE TOWNSHIP

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## *FIDUCIARY FUND – AGENCY FUND*

### **COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

Year Ended June 30, 2006

	<i><u>July 1, 2005</u></i>	<i><u>Additions</u></i>	<i><u>Deductions</u></i>	<i><u>June 30, 2006</u></i>
<i><u>Current Tax Collection Fund</u></i>				
<b>Assets:</b>				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 1,192,960</u>	<u>\$ 1,192,385</u>	<u>\$ 575</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ -</u>	<u>\$ 1,192,960</u>	<u>\$ 1,192,385</u>	<u>\$ 575</u>

# HOPE TOWNSHIP

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## GOVERNMENTAL ACTIVITIES SCHEDULE OF INDEBTEDNESS

June 30, 2006

### MIDLAND COUNTY WATER SUPPLY (EDENVILLE/HOPE) SYSTEM BONDS, SERIES 2004

Issue dated April 1, 2004 in the amount of	\$	420,000
Less: Edenville Township's principal portion	(210,000)	
Principal paid in prior year	-	
Principal paid in current year	<u>(5,000)</u>	
Balance payable at June 30, 2006	<u>\$</u>	<u>205,000</u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Principal due August 1</i>	<i>Interest due August 1</i>	<i>Interest due February 1</i>	<i>Total Annual Requirement</i>
2007	1.60%	\$ 7,500	\$ 4,022	\$ 3,951	\$ 15,473
2008	2.40%	10,000	3,951	3,831	17,782
2009	2.80%	10,000	3,831	3,691	17,522
2010	3.10%	10,000	3,691	3,536	17,227
2011	3.30%	10,000	3,536	3,371	16,907
2012	3.50%	10,000	3,371	3,196	16,567
2013	3.65%	10,000	3,196	3,013	16,209
2014	3.80%	10,000	3,013	2,823	15,836
2015	3.95%	10,000	2,823	2,626	15,449
2016	4.05%	10,000	2,626	2,423	15,049
2017	4.15%	10,000	2,423	2,216	14,639
2018	4.25%	10,000	2,216	2,003	14,219
2019	4.35%	12,500	2,003	1,731	16,234
2020	4.45%	12,500	1,731	1,453	15,684
2021	4.55%	12,500	1,453	1,169	15,122
2022	4.60%	12,500	1,169	881	14,550
2023	4.65%	12,500	881	591	13,972
2024	4.70%	12,500	591	297	13,388
2025	4.75%	<u>12,500</u>	<u>297</u>	<u>-</u>	<u>12,797</u>
		<u>\$ 205,000</u>	<u>\$ 46,824</u>	<u>\$ 42,802</u>	<u>\$ 294,626</u>



October 26, 2006

To The Township Board  
Hope Township

We have audited the financial statements of Hope Township for the year ended June 30, 2006. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

#### Our Responsibility Under U.S. Generally Accepted Auditing Standards

We conducted our audit of the financial statements of Hope Township in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as “the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.”

An independent auditor’s objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor’s work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, “in our opinion.”

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

#### Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Hope Township are described in Note 1 to the financial statements. We noted no transactions entered into by Hope Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

#### Other Communications

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management’s current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the financial statements, dated October 26, 2006.

Summary

We welcome any questions you may have regarding the foregoing.

Sincerely,

*Berthiaume & Co.*

Berthiaume & Company  
Certified Public Accountants